

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-15 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07

OPIC-12 LAB-06 SIL-01 AGR-20 NEA-10 DRC-01 /255 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3974

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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C O N F I D E N T I A L SECTION 1 OF 2 PARIS 26757

E.O. 11652: GDS

TAGS: PINT, FR

SUBJECT: INTERNAL FRANCE: FALL 1973

1. SUMMARY. GOVERNMENT HAS SOLID MAJORITY IN NATIONAL
ASSEMBLY AND, DESPITE FISSURES WITHIN BOTH GOVERNMENT AND
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OPPOSITION CAMPS, NO MAJOR CHANGES EXPECTED IN ALIGNMENT OF FORCES
DURING CURRENT PARLIAMENTARY SESSION. DISSENSION ON MIDDLE EAST
STRONG WITHIN BOTH GOVERNMENT AND OPPOSITION PARTIES,
BUT INTERNAL POLITICAL PRESSURES LIKELY HAVE ONLY MARGINAL EFFECT

ON GOF'S PRO-ARAB POSTURE, WHICH BASED LARGELY ON ECONOMIC INTERESTS. INFLATION REMAINS MAJOR PROBLEM AND GOF CONSIDERING INCOMES POLICY IF CREDIT RESTRICTIONS AND STABILIZATION IN WORLD FOOD AND COMMODITY PRICES DO NOT STEM PRICE INCREASES. LABOR UNIONS EXPECTED CONTINUE PROBING ACTIONS BUT PROLONGED, NATION-WIDE STRIKES NOT LIKELY. END SUMMARY

2. OCTOBER 9 DEBATE IN NATIONAL ASSEMBLY ON CENSURE MOTION FILED BY LEFT OPPOSITIO PROVIDES GOOD CATALGQUE OF CURRENT ISSUES IN FRANCE. DEBATE CENTERED ON INFLATIONS, LABOR PROBLEMS, AGRICULTURE, RACISM, NUCLEAR TESTING, CHILE AND MIDDLE EAST. THERE WERE NO SURPRISES IN OPPOSITION OR GOVERNMENT POSITIONS (FOREIGN POLICY ASPECTS REPORTED SEPTELS), AND, AS EXPECTED, ONLY 181 DEPUTIES VOTED FOR CENSURE (246 VOTES WERE NEEDED). VOTE REPRESENTS TOTAL COMBINED STRENGTH OF COMMUNISTS, SOCIALISTS AND INDEPENDENT LEFTISTS IN THE ASSEMBLY. THERE WERE NO DEFECTIONS FROM MAJORITY RANKS AND GOVERNMENT COALITION MAINTAINS A SOLID 25-30 SEAT MAJORITY. THE 30-ODD REFORMERS (CENTER OPPOSITION), IN TYPICAL FENCE-SITING STYLE, ANNOUNCED THEY WOULD NOT VOTE WITH THE COMMUNISTS AND SOCIALISTS TO CENSURE THE GOVERNMENT, BUT WOULD NOT HAVE GIVEN THE GOVERNMENT THEIR VOTE OF CONFIDENCE HAD THAT BEEN THE ISSUE BEFORE THE ASSEMBLY.

3. SOCIALISTS LEADER, FRANCIOIS MITTERRAND DOMINATED THE DEBATE. HE TOOK THE HIGH INTELLECTUAL AND PHILOSOPHICAL ROAD AND MANAGED TO COMBINE HIS FORMIDABLE FORENSIC SKILLS WITH STATESMANLIKE POSTURE AS LEADER OF RESPONSIBLE OPPOSITION. ON CHILE, ARGUING THAT TWO WRONGS DON'T MAKE A RIGHT, AND CONDEMNING AS IRRELEVANT COMPARISON OF SANTIAGO AND PRAGUE, HE WON OVATION FROM ALL PARTIES IN THE ASSEMBLY (EXCEPT COMMUNISTS WHO RESENTED ANY MENTION OF PRAGUE). IN CONTRAST, PCF LEADER GEORGES MARHAIS'S SPEECH WAS MECHANICAL, DULL RECITATION OF PCF CLICHES. PRIME MINISTER MESSMER'S REBUTTAL, WHILE TELLING ON SEVERAL POINTS, LACKED ELEGANCE AND SPIRIT.

4. MITTERRAND CONTINUES TO GAIN MOMENTUM IN HIS BID TO BECOME CONFIDENTIAL

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PRINCIPAL OPPOSITION LEADER AND SPOKESMAN. HIS GOALS ARE TO MAINTAIN PRESENT SOCIALIST-COMMUNIST ALLIANCE WHILE DEVELOPING A SEPARATE PERSONAL IMAGE OF STATESMANSHIP AND DEVOTION TO DEMOCRATIC LIBERTIES. HIS PERFORMANCE IN OCTOBER 9 DEBATE -- UNANIMOUSLY, IF IN SOME QUARTERS GRUDGINGLY, ACCLAIMED IN THE PRESS -- WAS MAJOR STEP IN THIS DIRECTION.

5. IN SPITE OF THE SOCIALISTS' INCREASED UNITY AND STRENGHT UNDER MITTERRAND, THE LEFT HAS A LONG WAY TO GO TO WIN POWER IN FRANCE. A RECENT PUBLIC OPINION POLL MATCHED MITTERRAND AND POMPIDOU AND VARIOUS GOVERNMENT LEADERS IN PRESIDENTIAL RACE, AD SHOWED POMPIDOU WINNING SECOND ROUND SUPPORT OF 59 PER CENT OF THOSE QUESTIONED, AGAINST MITTERRAND'S 41

PER CENT. SAME POLL SHOWED GISCARD D'ESTAING BEATING MITTERRAND ON SECOND ROUND BY ONLY SLIGHTLY SMALLER MARGIN OF 56 PERCENT TO 44 PERCENT.

6. MOREOVER, AFTER LACKLUSTER SPRING AND SUMMER PERFORMANCE, GOF SEEMS TO HAVE PICKED UP STEAM. INTELLECTUAL VIGOR PRESIDENT POMPIDOU DISPLAYED AT SEPTEMBER 27 PRESS CONFERENCE HAS DISPELLED RUMORS THAT HIS HEALTH WOULD NOT PERMIT HIM TO REMAIN IN OFFICE MUCH LONGER. FOR THE MOMENT, HE HAS OVERCOME LAME-DUCK ATMOSPHERE THAT PREVAILED AT BEGINNING OF LAST SUMMER AND HAS REASSERTED HIS PERSONAL CONTROL OVER MAJOR FOREIGN AND DOMESTIC GOF POLICIES. AT THE SAME TIME, MESSMER GOVERNMENT HAS PROPOSED SOCIAL MEASURES AND FISCAL REFORMS WHICH REDEEM IN LARGE PART GOVERNMENT COALITION CAMPAIGN PROMISES OF LAST SPRING. THESE HAVE INCREASED GOVERNMENT'S AND PRIME MINISTER'S POPULARITY (LATEST POLL SHOWS PUBLIC APPROVAL OF MESSMER UP TEN POINTS TO 49 PERCENT). AGRICULTURE MINISTER CHIRAC AND COMMERCE MINISTER ROYER ARE EXCEEDINGLY POPULAR WITH FARMERS AND SHOPKEEPERS RESPECTIVELY, AND HAVE RALLIED THESE IMPORTANT CONSTITUENCIES TO THE GOVERNMENT.

7. WITH NO MAJOR ELECTIONS IN VIEW DURING THE COMING YEAR, WE EXPECT INTERNAL POLITICAL SCENE TO BE MARKED BY PERIOD OF RELATIVE CALM AND STABILITY. THERE ARE FISSURES AND SPLITS WITHIN BOTH THE GOVERNMENT COALITION AND THE LEFT OPPOSITION, PARTICULARLY ON MIDDLE EAST. (WITHIN GOVERNMENT COALITION, GAULLISTS TEND TO BE PRO-ARAB, WHILE INDEPENDENT REPUBLICANS AND CENTRISTS ARE PRO-ISRAELI. WITHIN LEFT OPPOSITIO,
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COMMUNISTS AND FAR-LEFT WING OF SOCIALSIST PARTY ARE PRO-ARAB WHILE MODERATE SOCIALISTS AND LEFT RADICALS ARE PRO-ISRAELI). BARRING DRAMATIC EVOLUTION IN WAR, WE DO NOT BELIEVE DIFFERENCES ON THE MIDDLE EAST WITHIN THE GOVERNMENT COALITION WILL CAUSE GOF TO CHANGE ITS BASICALLY PRO-ARAB STANCE, WHICH IS BASED ON WHAT GOF PERCEIVES TO BE IMPORTANT ECONOMIC INTERESTS. NOR DO WE BELIEVE DIVISIONS ON MIDDLE EAST WILL CAUSE DISSOLUTION OF EITHER GOVERNMENT OR OPPOSITION COALITIONS NOR AFFECT THEIR UNITY ON OTHER MAJOR ISSUES. FALL-OUT FROM MIDDLE EAST DISSENSION COULD, HOWEVER, CAUSE DEFEAT OF CONSTITUTIONAL AMENDMENT TO REDUCE PRESIDENTIAL TERM FROM SEVEN TO FIVE YEARS. AMENDMENT MUST WIN THREE-FIFTHS VOTE IN JOINT SESSION OF ASSEMBLY AND SENATE AFTER BOTH HOUSES HAVE APPROVED IT SEPARAELY. VOTING SCHEDULED WEEK OF OCTOBER 15-19. OPPOSED BY SOME INFLUENTIAL GAULLISTS SUCH AS COUVE DE MURVEILLE, AMENDMENT LIKELY TO WIN THREE-FIFTHS MAJORITY ONLY WITH VOTES OF CENTRIST OPPOSITION DEPUTIES AND SENATORS. MANY OF THESE ARE REPORTEDLY SO IRRITATED BY GOF INITIAL STATEMENTS ON MIDDLE EAST THAT THEY NOW PLAN TO OPPOSE AMENDMENT OR ABSTAIN. FAILURE OF AMENDMENT TO PASS WOULD BE SERIOUS EMBARRASSMENT FOR POMPIDOU AND MESSMER, BUT WOULD NOT BRING DOWN GOVERNMENT.

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8. RIVALRIES AND PERSONALITY CLASHES, PARTICULARLY BETWEEN
ULTRA GAULLIST WING OF UDR AND GISCARD D'ESTAING'S INDEPENDENT
REPUBLICANS, WILL RESULT IN CONTINUING SPARRING AMONG PARTIES
WITHIN GOVERNMENT COALITION. HOWEVER, WE BELIEVE UNITY OF
COALITION WILL HOLD ON MOST ISSUES. GOVERNMENT CAN THUS
CONTINUE TO COUNT ON SOLID ASSEMBLY
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MAJORITY TO PASS BUDGET AND OTHER MAJOR PROGRAMS.

9. ON ECONOMIC SIDE, SUBSTANTIAL RATE OF GROWTH CONTINUES TO

BE THE PRIMARY GOF GOAL AND PRESENT BOOM CONDITIONS UNDOUBTEDLY PROVIDE THE GOVERNMENT WITH SATISFACTION. THE GROWTH IN NATIONAL PRODUCT FOR THIS YEAR IS EXPECTED TO BE 6.6 PERCENT, IN REAL TERMS, WHICH IS WELL IN EXCESS OF BOTH PLANNING GOALS AND LAST YEAR'S FORECASTS. A GRADUAL COOLING-DOWN TO A STILL VERY HEALTHY RATE OF 5.6 PERCENT IS PREDICTED FOR NEXT YEAR. OPTIMISM IN BUSINESS CIRCLES REMAINS, BASED ON A CONTINUED HEAVY BACKLOG OF UNFILLED ORDERS AND HIGH PRICE PERSPECTIVES.

10. THE LATTER SIGNAL WHAT PRESIDENT POMPIDOU HAS RECENTLY CALLED FRANCE'S MOST SERIOUS DOMESTIC PROBLEM--INFLATION. THUS FAR, THE GOVERNMENT HAS ATTEMPTED TO STEM THE RISE IN PRICES BY LIMITING GROWTH OF DEMAND, AND MONEY SUPPLY, THROUGH STRICT LIMITS IN THE INCREASE IN BANK CREDIT, AND THROUGH ITS FIFTH BALANCED BUDGET IN A RO (ALTHOUGH COMMENTATORS POINT OUT THAT THIS IS THANKS IN PART TO THE EFFECT OF INFLATION IN INCREASING GOVERNMENT RECEIPTS). PRICES ARE NOW CLIMBING AT ANNUAL RATE OF ABOUT 9 PERCENT, AND WAGES AT ANNUAL RATE OF 14.8 PERCENT, ONE OF THE HIGHEST ON RECORD. FOR THE FIRST TIME, RECENT STATEMENTS OF THE PRESIDENT AND FINANCE MINISTER GISCARD D'ESTAING HAVE HELD OUT POSSIBILITY OF AN INCOMES POLICY, A MOVE WHICH WOULD NOT BE POPULAR WITH BUSINESS OR LABOR.

11. WHILE INFLATION WAS ALSO AN IMPORTANT DOMESTIC ISSUE LAST YEAR AT THIS TIME, THE GOVERNMENT IS NOW LESS OPTIMISTIC ABOUT ITS CAPACITY TO CONTROL IT, AND BOTH THE POLITICAL OPPOSITION AND THE LABOR UNIONS SEEM MORE INCLINED TO EXPLOIT THE ISSUE. IN ADDITION TO PRESENT ANTI-INFLATION MEASURES, GOF IS PLACING ITS HOPES ON A STABILIZATION IN WORLD FOOD AND COMMODITY PRICES -- EITHER DIRECTLY AS A PRICE DECELERATOR, OR AS THE NECESSARY PRECONDITION FOR AN EFFECTIVE PROGRAM OF PRICE AND WAGE DISCIPLINE.

12. ON SOCIAL SCENE, AS ANTICIPATED, PUBLIC AND NATIONALIZED SECTORS HAVE BEEN AREAS OF SOME AGITATION LED BY CGT AND CFDT. LEGITIMATE BREAD-AND-BUTTER ISSUES ARE INVOLVED BUT POLITICAL CONSIDERATIONS ALSO IMPORTANT IN PROMPTING UNION ACTION. BOTH CGT AND CFDT ARE ATTEMPTING TO ENHANCE THEIR PRESTIGE AND PORTRAY PRESENT REGIME AS UNABLE TO COPE WITH COUNTRY'S SOCIAL
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PROBLEMS. GOF, AWARE OF THESE OBJECTIVES, REMAINS RESPONSIVE TO LEGITIMATE DEMANDS AND HAS INTRODUCED PROGRAM TO CORRECT SOME SOCIAL INEQUALITIES. THESE MEASURES (PARIS A-678) SHOW RESOURCEFULNESS IN ELIMINATING MOST GLARING INEQUALITIES AND RAISING STANDARD OF LIVING OF THE LOWEST PAID WORKERS WITHOUT ADDING TO INFLATIONARY PRESSURES. THEY DO NOT, HOWEVER, ADDRESS FUNDAMENTAL QUESTIONS RAISED, ESPECIALLY BY CFDT AND SOCIALIST PARTY, CONCERNING THE WORKER'S PLACE IN SOCIETY AND THE NATURE OF "WORK" IN A HIGHLY INDUSTRIALIZED ECONOMY. THE UDR'S NEW SECRETARY GENERAL, ALEXANDRE SANGUINETTI, IS ESPECIALLY

AWARE OF THE FERMENT AMONG WORKERS ON THESE QUESTIONS AND CAN BE

EXPECTED TO PRESS HARD FOR MEASURES WHICH WILL RECAPTURE SOME OF THE LABOR VOTE THAT TRADITIONALLY WENT TO DE GAULLE.

13. BOTH COMMUNIST-DOMINATED CGT AND NON-COMMUNIST CFDT, FOR DIFFERENT REASONS, WILL UNDOUBTEDLY KEEP PRODDING FOR EVIDENCE OF DISCONTENT AND FRUSTRATION AMONG RANK-AND-FILE WORKERS AND ATTEMPT TO DEVELOP DISCIPLINED STRIKE ACTION AND AGITATION TO UNDERMINE CONFIDENCE AND AUTHORITY OF GOF. HOWEVER, GIVEN BOOMING ECONOMY, INCREASE IN REAL WAGES AND GOF EFFORT TO REDRESS AT LEAST SOME GRIEVANCES, WE DO NOT ANTICIPATE PROLONGED NATIONWIDE STRIKES OR ESPECIALLY TURBULENT SOCIAL SCENE DURING COMING MONTHS.
IRWIN

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